

**Testimony of  
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Emergency Preparedness and Response  
Before the  
Committee on Homeland Security and Governmental Affairs  
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Good morning Chairman Collins, Senator Lieberman and members of the Committee.

I appreciate the opportunity to appear before you today to discuss last fall's unprecedented hurricane season and the tremendous response and recovery efforts of the dedicated men and women at FEMA.

This morning marks our first opportunity to testify before your committee since becoming our new authorizers. I look forward to a productive relationship with your committee. The Committee now has jurisdiction of our larger disaster response and recovery functions and operations, which, on a fundamental level, represent the very heart of our mission. It is a mission that has expanded, and grown more complicated, as we strive to address the grave new terrorism threats that face and shape homeland security. It is a mission, however, we have fulfilled since the Oklahoma City bombing and the 9/11 attacks. It is a mission we are familiar with.

I also want to thank the Members of the Committee on Environment and Public Works, particularly Chairman Inhofe and Senator Voinovich, for their years of support and leadership.

Central to our capability to consistently and effectively tackle our mission is the Robert T. Stafford Disaster Relief and Emergency Assistance Act, a remarkable piece of legislation that we continue to proactively and wisely administer. As this Committee is well aware, the 2004 hurricane season certainly provided us ample opportunity to test and evaluate our capabilities. It is that challenging season that brings us here today.

### 2004 Hurricane Season

The 2004 disaster season marked one of the busiest disaster seasons in FEMA's history. FEMA responded to 68 declared major and emergency disasters in 2004. The tropical storm season alone saw nine named tropical storms make landfall in the United States. Within the space of six weeks, four powerful hurricanes struck Florida, producing widespread damage and causing considerable destruction and displacement. But, while Florida received the lion's share of media attention, it was by no means the only state to require federal assistance. In response to hurricanes spanning both east and gulf coasts, FEMA opened and maintained 27 simultaneous disaster field operations in 15 states and 2 territories and registered nearly 1.7 million people for disaster assistance in 2004. This is a record number of open disasters and a record number of registrants. For an average year, total number of registrations nationwide is approximately 480,000, spanning all disasters; last year the total number of registrations for all disasters was nearly 2 million.

FEMA quickly and proactively expanded our capabilities across the board to address these challenges. We hired, trained, and fielded thousands of additional phone operators and inspectors, as well as thousands of additional community relations workers, whom we deployed throughout devastated areas. It should also be noted that FEMA does not do their work alone. In every disaster, we stood shoulder-to-shoulder with our state and local counterparts and our federal partners, in many cases when subsequent or returning hurricanes continued to inflict more damage.

We are now months removed from the immense and daunting challenges we faced during that unusually cruel season. Recognizing that the feeling of urgency is often dulled in our memory by time and distance, I want to remind everyone what an extraordinary period we faced. FEMA's response to the hurricanes and tropical storms last year represented the single largest mobilization of emergency response and recovery resources in history, surpassing even the responses to the 9/11 terrorist attacks and the 1994 Northridge earthquake. It was truly a massive undertaking, and a relief operation for which I remain exceptionally proud.

It is absolutely imperative that we remember and understand the challenges and complexities we confronted, in full situational context, before we attempt to craft new answers and new procedures which may, on their face, seem reasonable, but without closer and more studied scrutiny, have unintended negative consequences. We must never lose the sense of urgency that drives and guides our response to victims and communities in need, or be forced to sacrifice that urgency in the pursuit of elusive

administrative perfection. Our mission to get help quickly to those who so desperately need it must take priority yet be carefully balanced with our obligation to be stewards of taxpayer dollars.

I was on the ground in the midst of our response operations, and able to judge the urgency of the situation firsthand. I can assure you that FEMA was never stampeded into making any decisions.

We made informed and sometimes difficult choices to meet the demands of the extraordinary situations created not just in Florida, but all along the eastern half of the United States. Nevertheless, I strongly encouraged creative approaches that provided maximum support to victims while preserving and assuring reasonable accountability.

I did not throw away the rulebook. Nor did I ignore my responsibility to provide rapid and effective help to thousands of distressed disaster victims in hundreds of affected communities.

I am proud of our accomplishments. But, I also recognize there is always room for improvement, and that our processes and procedures are no exception. Many of our programs have been refined and updated over the years. Since 1992, when FEMA was heavily criticized for its slow response to the victims of Hurricane Andrew, the men and women at FEMA have pursued and implemented changes, efficiencies, and upgrades through the use of new technologies, faster systems, and clearer procedures. While I look

forward to constructively discussing many ideas for potential improvements, I want to remind everyone that our processes and procedures have been forged over countless disasters, through years of experience, and have consistently weathered and withstood the tests of time and repeated trial. We constantly observe and review our responses after each disaster, not only to identify things we did well, but also to identify and remediate areas that require improvement.

Some may suggest that today's hearing should focus on the 14 cases of alleged fraud in Miami-Dade County, or on the allegedly questionable backgrounds of a few of our housing inspectors. While I am prepared to address both issues head-on, I would sincerely and respectfully suggest that this hearing instead focus on the hundreds of thousands of people who received assistance, or on the thousands of inspectors who successfully conducted hundreds of thousands of inspections across Florida, Alabama, North and South Carolina, Louisiana, Pennsylvania, Ohio, and many other states.

I continue to reflect on that period and on the remarkable accomplishments of those, at every level of government, who heeded the call to help. With each passing day, my respect grows for the staff at FEMA, and for our many federal, state, tribal and local partners that did – and continue, often under fierce scrutiny – to do this incredible work.

Among the many challenges we face when responding to disasters, the most difficult often involves balancing the tradeoff between ensuring a timely and effective response to those in need, and the responsibility to protect the fiscal integrity of the program. It is a

classic competing tension between the provision of immediate disaster assistance and administrative perfection. As you move closer to one, you move farther away from the other.

Most events fit squarely within the framework of administrative safeguards we have in place to ensure the appropriate use of public funds. However, because of the magnitude of these disasters, I had to decide whether accelerating the delivery of desperately needed federal assistance to a potentially immense victim population outweighed the risk of exposing that assistance to the increased potential for abuse by those few who would unfairly take advantage of our system. My conclusion is and remains that we cannot allow those few exceptions to stop us from providing timely and effective assistance to the 99% of Americans that honestly and urgently need our help after being wiped out by Mother Nature.

Unfortunately, you cannot predict who will be dishonest – a lesson I learned after 9/11 and have seen over again in many disasters. Nevertheless, I do not listen to those who suggest we pay excessive scrutiny to one county, or one group of people affected by a disaster and not others. These storms do not respect geographic boundaries, nor do socioeconomic demographics justify a different level of scrutiny. Unfortunately, I often see competing local agendas. Those with political differences attempt to cloud our mission to deliver aid and to deliver it to those who most need our help.

I look forward to discussing the circumstances under which I added counties to the federal disaster declaration. I assure you they were not added in a vacuum. Each

decision was based on a deliberative review process, considering all known facts, while fully recognizing the increasing demands of an ever expanding, and ever more urgent, response and recovery operation.

While we always strive to strike a proper and defensible balance between timeliness and fiscal surety, you, who legislate daily, know that these decisions are never black and white. That is why I have tried to provide some necessary post-event context, to serve as a setting for continued discussion of the fundamental issues that any large-scale event presents.

As you view our recent efforts remember that a fundamental cornerstone of our response and recovery strategy - the Individuals and Households Program (IHP) - is only two years old. Following the Disaster Mitigation Act of 2000, we began implementing the IHP in October 2002, and, as with any new program, have continued to identify and enact refinements after each disaster experience. Many refinements that we were discussing and starting to implement were in place before the hurricanes, and some were not. The magnitude of these events, and of our unprecedented efforts, has in some places served to magnify areas in which we need improvement in our process. It has also highlighted our successes.

We take the opportunity after every major disaster to review and analyze our performance so we can institutionalize best practices, identify issues and concerns, and correct problems, all to face the next disaster better prepared. Four hurricanes impacting

15 states within six weeks is an exception to our normal course of business, yet it is our duty and our mandate to act. Unfortunately, we do not have the luxury of dictating the conditions under which we operate.

It is in this spirit that I look forward to our discussion.

Perspective appears to have been lost in the public discussion. Early concerns were over reports that Miami-Dade County suffered less severe damage from last season's hurricanes than counties to the north, where the eyes of Hurricanes Frances and Jeanne made landfall, and received seemingly disproportionate federal assistance. In fact, those concerns led to your inquiry. But, given a thorough understanding of FEMA programs and procedures, and the differences between our individual and government aid programs, it will become clear that many of those early concerns are misguided.

While it is true that the damage was less severe, the extent of the damage in Miami-Dade County was sufficient to warrant FEMA assistance. The amount of FEMA money distributed was, in fact, proportionally much less but commensurate with the amount of damage suffered.

Early press reports that engaged in county-by-county comparisons of total outlays yielded faulty results and incorrect conclusions. In addition to levels of damage, many factors influence the distribution of IHP assistance, including the population, the proportion of insured applicants in counties affected by disasters, and income levels. As an example,

Martin County Florida, which suffered hurricane force winds, has a population of approximately 127,000 residents. Miami-Dade County, which suffered tropical storm force winds and less severe damage, has an approximate population just over 2.2 million. Raw comparisons of the aggregate amounts of disaster assistance delivered in these counties led to starkly skewed comparisons, faulty conclusions, and an inaccurate perception. A more meaningful comparison would reflect that approximately 61% of all the residents in Martin County received FEMA assistance, in comparison to less than 2.9% of the residents in Miami-Dade. Moreover, strict comparisons of totals between counties, as opposed to individuals, does not take into consideration the multitude of other factors, such as insurance and income levels, which can preclude registrants from receiving FEMA aid.

FEMA responded aggressively and proactively to the needs of *ALL* affected citizens of the state of Florida that were eligible for assistance. Despite poorly researched assertions otherwise, the amount of money spent in one county did not reduce the amount of money available to other counties, nor did the money spent in any one state reduce the levels of money available to the other impacted states.

In order to receive any assistance from FEMA, disaster victims in declared counties must first take the initiative of registering with FEMA, by phone, in person, or over the internet. FEMA does not provide monetary assistance to any individual without first receiving a registration from – and validating the eligibility of – that individual. Once the

initial registration has been received, FEMA then verifies need and eligibility before assistance is offered. The only exception to this is expedited assistance.

Expedited Assistance (EA) is a form of Temporary Housing Assistance provided to applicants to meet their immediate, emergency housing needs. FEMA only offers EA under extraordinary circumstances in which it is determined that housing resources will be scarce, application numbers will be very large, and FEMA inspectors or insurance adjusters may be delayed.

Applicants receive funds equivalent to one month of fair market rent, which may be used toward their disaster related housing needs. EA eligibility determinations are dependent on the responses provided by applicants at the time of registration and can be approved for disbursement shortly after the registration is received.

This type of assistance was provided to just under 95,000 Florida disaster victims. Approximately 1,400 were in Miami-Dade County.

After registration, applicants certify, subject to audit and strict penalties under law, that the information they provide is true and accurate.

To verify damages reported in disaster assistance applications, FEMA conducts individual inspections to verify damage, ownership, and occupancy. FEMA uses inspectors hired in many cases from within the industry, such as home inspectors,

tradesmen, or builders. Each inspector is trained on FEMA standards and policies regarding program eligibility. New inspectors undergo background checks. In most conventional disasters experienced inspectors will accompany new inspectors in the field to ensure that they are meeting FEMA standards before they are allowed to complete inspections on their own. FEMA also ensures the quality of inspections through its incentive and disincentive-based contracts, which penalize the contracting companies for inspector errors and poor performance. The contract also requires the companies to perform random quality control re-inspections on a minimum of three percent of households.

All of these measures are in place to ensure that we have adequate information with which to process applications for disaster assistance while striking a balance between providing expeditious assistance and protecting against abuse. With all of the good that has been accomplished in Florida, we know there was some assistance given incorrectly - perhaps through errors in data entry, inspections, and even through fraudulent claims. While I make no excuses for those errors, I am proud of how *few* errors have surfaced out of the hundreds of thousands of inspections conducted. As I have said, our overriding priority in a near-catastrophic incident environment is to get help quickly to those who so desperately need it, while continuing to exercise all reasonable diligence over our obligation to be outstanding stewards of taxpayer dollars.

I tell people every place I visit, after every disaster, that they may love me then and love what FEMA is doing for them, but I promise they will get frustrated over time, tired, and

angry. Disaster recovery is very often frustrating. But this is the work we do every day. Local government officials frequently become frustrated that they cannot *immediately* accomplish everything their communities, elected leaders, and the media want them to do. They often grow frustrated with the procedures and processes FEMA has in place to ensure proper expenditures of federal money. It can be frustrating, certainly. But the recovery administration process is absolutely necessary.

We are seeing right now in our state and local government assistance programs the same classic competing tension between the desire for speedy assistance and the need for administrative accuracy. News reports criticize FEMA for not paying out enough money quickly enough to local governments, and complain that we spent too much money too quickly on individual victims. Therefore, I caution those listening to our proceedings today against over reliance on media accounts. Media portrayals can be dramatic and compelling, but they can also be inaccurate or incomplete. They should not be considered the only starting point for inquiries or reviews of policies and procedures as they can often be, despite good intentions, misleading, misguided, or flawed.

Months ago, I established multiple policy working groups to explore and develop detailed remedies to some of the most vexing problems we will be discussing today. Let me briefly address a few of the issues that have gained the most prominence in media accounts and in the Inspector General's audit. I will also highlight some issues and accomplishments that we believe deserve far more attention than these problems.

### Preliminary Damage Assessments

A preliminary damage assessment (PDA), often conducted after conventional storms or events by small teams of federal, state and local officials, is used to look at the damage in an impacted area and produce estimates of damages and average potential program costs. PDA's are a great tool for decision-making after conventional incidents. Governors use them to decide whether they have the capabilities to respond adequately to the needs of their citizens or whether they need to request federal assistance. FEMA can then use the information to inform its recommendations to the President on the appropriateness of offering federal aid.

However, there is no requirement to conduct preliminary damage assessments for events of extraordinary magnitude such as the multiple hurricanes that struck Florida. In this regard, the Office of the Inspector General (OIG) has recommended FEMA ensure that, for future declarations, preliminary damage assessments are performed to determine and document the type, extent, and location of disaster-related damages whenever practicable. The OIG also recommends FEMA develop clearer guidance defining circumstances where complete PDAs may be unnecessary or infeasible.

The OIG apparently does not understand the purpose or usefulness of PDAs. PDAs do not look at every home or even every damaged public facility to determine a precise dollar amount for the damages. Rather, PDAs yield a generalized view of damages to a county that is used, in part, to determine whether federal assistance is warranted.

Not performing PDAs is appropriate and explicitly permitted by FEMA's regulations in cases of unusual severity and magnitude. In Florida, as in any disaster, the designation of additional counties was based on multiple factors, regardless of whether a PDA was conducted. And, those decisions were made *after the state was already overwhelmed in their ability to adequately respond*. Given the extraordinary circumstances, the impact of the previous storms on the state, reported power outages

I strongly disagree with any objection to the inclusion of Miami-Dade County in the Hurricane Frances declaration. Reports indicated that Miami-Dade County, and the twelve other counties added at the same time, were experiencing tropical storm force winds, rain, and power outages. Including the county in the declaration made it possible for affected individuals to call FEMA to register for assistance. Confirmation of Frances related damages after the fact by FEMA inspectors, private insurers, and the Small Business Administration (SBA) substantiate the inclusion. Furthermore, the OIG's decision to unilaterally disregard the findings of damage by thousands of inspections is inexplicable, and detracts from the credibility of the OIG audit process. Inspections are a key control point to ensuring that disaster assistance is paid only to eligible applicants.

In the case of the Hurricane Frances declaration and the 13 county designations immediately following, Tropical Storm Bonnie, Hurricane Charley, and Hurricane Frances the day before had exceeded the State and affected local governments' capabilities for effective response. FEMA's regulations allow for waiver of the PDA to in situations where the event is of such unusual severity and magnitude that it does not

require field assessments to determine the need for Federal assistance. The Florida situation was precisely the type of event envisioned by the regulations. Given the extraordinary circumstances, the impact of the previous storms on the state, reported power outages, and recorded tropical storm force conditions in each of these counties, our actions were more than appropriate.

The mission of FEMA's Individual Assistance program is to meet emergency unmet and uninsured needs of individuals and families and to facilitate their recovery after a disaster. It is important to note that a county designation is not an automatic trigger for assistance. FEMA inspectors verify, with very few exceptions for emergency housing needs, an applicant's housing and personal property damages prior to any provision of assistance.

Although anecdotal, the independent sources that found damage in Miami-Dade County as a result of Hurricane Frances also bolster FEMA's position. As of March 3, 2005, the Florida Office of Insurance Regulation reported 11,807 property claims and payments of \$43.5 million to Miami-Dade County residents as a result of Hurricane Frances. The type of property damage was not available, but the office reported that structural real property damage accounted for 92% of the payments statewide and 76 homes in Miami-Dade County were destroyed by Frances. In addition, as of March 7, 2005, the SBA, with its own independent inspection process, had approved 126 loans in Miami-Dade County totaling \$1.3 million for home damages.

While Miami-Dade may not have been affected by sustained hurricane force winds, Frances measured several hundred miles across and did in fact bring tropical storm force winds and rain into Miami-Dade County. I would also note that the Saffir-Simpson scale is predicated on *sustained* winds, and does not fully account for the impact of wind gusts that may reach hurricane force, wind-driven rain, and high-velocity tornadic winds that commonly occur in the outer bands of hurricanes. Since the affected areas of Miami-Dade County were predominately low-income neighborhoods that contained much of the State's oldest housing stock, and were not built to more recent State and local building codes, homes there were far more susceptible to damages.

I reject the notion that, despite sustaining tropical storm conditions, Miami-Dade County should have been singled out for additional scrutiny, thus delaying assistance. Miami-Dade County was added to the disaster declaration with 12 other counties, less than 24 hours after impact. A different approach would have unfairly delayed the provision of critical assistance to the citizens of Miami-Dade County, and would have been entirely inconsistent with the agency's proactive disaster response strategy.

Our decision to designate Miami-Dade County for Individual Assistance was not only operationally and situationally defensible, but fully borne out by subsequent independent inspections, assessments, and insurance findings.

Please remember that not performing PDA's for a large disaster event is not unusual. FEMA did not wait for PDA's when Hurricane Isabel battered our area two years ago,

nor in similar situations in the Carolinas in the late 1990's or in several disasters declared in states throughout the nation. In 2001, FEMA declared three disasters where no PDA's were conducted. One in the State of Oklahoma for severe winter ice storms and two in the Commonwealth of Virginia for severe storms and flooding. In 2002, there were three declared disasters where no PDA's were conducted, one in the State of Oklahoma for severe winter ice storms, one in the State of Minnesota for severe storms, flooding and tornadoes, and one in the State of Alaska for the Nisqually Earthquake. In 2003, there were three major disaster declarations declared where no PDA's were conducted, one in the State of Oklahoma for severe storms and tornadoes, and two in Virginia and Delaware for Hurricane Isabel.

### Declarations

Some have asked why, if the situation called for immediate action, all eighteen requested counties were not declared immediately. Despite the intense atmosphere of anticipation that surrounded these events, I resisted suggestions to make blanket declaration recommendations prior to landfall. Upon landfall, the five counties most clearly facing the impact of the eye of the hurricane were declared so life-saving measures and grants to those individuals could begin immediately. The 13 remaining counties, requested by the Governor, were added to the disaster declaration less than 24 hours later after the actual path of impact could be observed.

### Expedited Assistance

Switching back for a moment to post declaration recovery work, there has been criticism over the use of our expedited emergency housing assistance program (EA). Historically, FEMA has used EA during two of its largest disasters, Hurricane Andrew in 1992 and the Northridge Earthquake in 1994. This program has successfully helped many in need.

Just last week I received a letter from six members of the Florida congressional delegation, on both sides of the aisle, relaying their concerns for the almost 58,000 individuals and families who still have unsettled hurricane insurance claims. Although insurance is outside of FEMA's control, it was this very concern that contributed to the decision to activate the EA program. Under the extraordinary circumstances that presented themselves, it was determined that housing resources would be scarce, application numbers high, and insurance adjusters and settlements delayed and that FEMA should offer temporary housing assistance to meet immediate, emergency housing needs.

However, there are areas that trouble me and will require assessment as we continue to learn lessons from our analyses and program reviews. For example, after Hurricane Andrew in 1992, the Inspector General conducted a more thorough review of our programs than anyone has yet had the opportunity to do with respect to our efforts last fall. To aid in the recovery from Hurricane Andrew, a similar program referred to as "fast track" assistance was utilized by FEMA. Unlike current EA, the fast track payments were distributed only in certain zip codes and pre-disaster owners received four

months of rental assistance and renters received three months. The Inspector General reached the conclusion that “[p]ayment methods such as Fast-Track have the potential to be an effective tool in the delivery of disaster assistance, with the appropriate controls to detect ineligible grant applications.” Because the audit found that 52 percent of the recipients of fast track were potentially ineligible, as compared to 49 percent associated with the then regular process, the level of recoupments necessary was thought undesirable. Thus, the report notes, “rather than immediately paying 3 or 4 months of rent, FEMA could have paid only 1 month of rent pending verification of the loss.”

The recommendations flowing from this review called for the development of a method to allow for expedited grant payments to applicants in severely affected areas, with proper controls, and to limit pre-inspection grant payments to one month. In response to the unprecedented and widespread damage in Florida last fall, the lengthy delays expected in insurance adjustments and FEMA inspections, anticipated scarcity in the housing market, and large volumes of applications, FEMA turned on the EA program for three separate intervals and provided only one month of rental assistance per the Inspector General recommendation.

I intend to continue to review the use of this assistance program. Decisions to use and refine the program require information and a balance between immediate emergency needs and administrative efficiency.

### Inspections and Inspection Contracts

Outside of this smaller emergency program, applicants for most FEMA aid first receive an inspection before any assistance is granted. However, because disaster work is sporadic and unpredictable, it is not a good use of taxpayer dollars to maintain a large staff of federal employees, or the accompanying costs, to perform intermittent disaster inspections. Disasters can differ in magnitude and concentration from less than 200 affected households to the 1.7 million we witnessed last fall. There are temporary arrangements that can be utilized. However, these options also present challenges.

The solution to these problems was put into place over 13 years ago, when FEMA privatized its inspection services requirements under competitive performance based contracts. This solution has provided efficiencies, flexibilities, and solutions to many costly and time consuming problems. Under this arrangement, FEMA provides the guidelines and parameters within which we demand performance and require quality, subject to incentives for good work and disincentives for poor performance. The logistics involved in the management of fluctuating workloads, travel arrangements and expenses, and administrative personnel costs and concerns are born by the companies.

Subject to the terms of our contract, the companies hire subcontracted inspectors, train them using the training models FEMA instructs them to use, and tracks the quality of their performance. The companies are required to provide enough inspectors to not only perform the number of inspections associated with application levels in any given disaster, but also enough to perform quality control re-inspections on a random 3% of

their inspectors' work. Mistakes found and corrected by these companies do not count against their performance requirements. However, errors discovered by FEMA and returned to the companies for correction can result in the loss of incentives or the application of disincentives.

Generally, we see a group of experienced inspectors return time and again to perform inspections under our contract, with high quality results. However, FEMA's response to the extraordinary series of storms that made landfall in a six-week period last fall exceeded any previous operational response FEMA had addressed. As a result, nearly 4,000 contract housing inspectors were deployed. They performed an average of 24,000 applicant visits per day to verify reported disaster-related damages. Over 850,000 homes, in Florida alone, received inspections.

In striving to effectively execute our disaster recovery mission in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act, FEMA faced several significant challenges. Because of the extraordinary nature of the challenging 2004 hurricane season, FEMA's Recovery Division was simultaneously delivering aid to eligible individuals and households in 27 disaster field operations across 15 States and two territories, from the northeast United States to the Caribbean, to the South Pacific. To meet the disaster recovery needs, FEMA opened multiple Disaster Field Offices and brought 12 additional call centers on-line to augment the four permanent National Processing Service Centers (NPSCs). These centers operated 24 hours a day for several weeks, and received well over 65,000 registration and help line calls per day from

applicants – several times above our standard operating capacity. On September 28, a record 44,800 registrations were taken over a single 24-hour period. Since August 13, 2004 well over 1.2 million registrations were taken in Florida alone – several times the number of households registered following Hurricane Andrew in 1992.

The rapid and dramatic increase of disaster activity from these extraordinary storms eventually exceeded FEMA’s standing operational capabilities. To augment the capacity of the National Processing Service Centers (NPSCs) to support the continued timely registration of applicants for disaster assistance, FEMA hired and trained approximately 2,000 additional caller services and case processing staff, and rapidly surged another 1,500 personnel from other Federal agencies and private contractors.

For its field operations, FEMA hired over 3,000 personnel to fill Individual Assistance and Community Relations positions. FEMA also quickly organized a National Individual Assistance Task Force to consolidate these resources.

Interruptions to response operations also contributed to the challenging environment. Multiple powerful storms struck Florida within a short period of time, necessitating the repeated suspension of disaster field operations, and forcing FEMA to evacuate personnel and commodities out of harm’s way.

These challenges required our inspection contracting companies to significantly augment their employment roles. New inspectors were hired, many with beneficial experience in

building related trades; some without. The new inspectors were trained and deployed with relative quickness. This resulted in some varying results that we are currently evaluating. In normal circumstances some of the quality control problems we saw in Florida would be unacceptable. Given the context, complexity, and enormity of our operation, their results were far more commendable.

Customer satisfaction surveys, completed at an unusually high rate, indicated applicants were largely satisfied with their inspectors behavior and professionalism. Quality control analyses of inspections seem to indicate errors ranging from small to large, but are slow to reveal multiple significant trends over the entirety of our efforts. Problems isolated to specific geographic areas or specific inspectors can be misleading. There are 65 separate items or areas that we ask inspectors to cover in their inspections. The random quality control re-inspections performed on three percent of the inspections found mistakes or problems with many inspection reports. These errors were in one line item or another, but troubling trends have been less obvious. In this realm, our registration with ISO (International Organization for Standardization) has been very helpful. Using the ISO 9000 standard for Quality Management and Quality Assurance framework, an independent American National Standards Institute (ANSI) auditor validates our initiatives within the inspection process. The auditor verifies our quality initiatives that drive the inspection process and verifies our performance standards to insure our trained workforce is community sensitive, experts in assessment of residential damage, and capable of accomplishing FEMA residential inspections.

Despite these efforts, I do believe improvement is needed. For instance, we need clarification in the application of the guidelines and criteria used to determine a home is unsafe. I would note that although I agree with the OIG conclusion on this issue, I disagree with the OIG premise, which bases the conclusion on the finding, “that 4,308 applicants who received rental assistance did not indicate a need for shelter at the time of registration.” For the Florida operations, the only time an applicant's immediate need for shelter was considered for FEMA assistance was during the period when Expedited Assistance was activated. The rental assistance referenced in the OIG report in this regard was awarded under FEMA’s regular Housing Assistance Program. Under this program, the decision to provide rental assistance is based on an inspector's verification of disaster damage, not on the applicant's statement during registration.

The OIG also concludes that, “sufficient evidence was not available to support the determinations that those applicants were in need of and were eligible for rental assistance.” The OIG is really noting its inability to understand whether field determinations were correct based on the information currently available. This lack of detailed record keeping has presented a problem throughout our analyses and I intend to review ways of keeping more detailed records for more meaningful future review. However, I will approach this goal cautiously so as not to create unnecessary delays in the provision of assistance.

The OIG also concludes that eligibility was suspect because “no evidence indicated that those applicants sought other accommodations or resided elsewhere during the two

months they received rental assistance.” However, seeking other accommodations and residing elsewhere are not eligibility criteria for receiving rental assistance. The determining factor for potential eligibility of rental assistance is whether an inspector determines a home unsafe to occupy.

Despite these disagreements in premise, I do agree that improvements to home unsafe determinations are warranted. While the basis for determining if a FEMA inspector considers a home to be “unsafe” is documented in program guidance, I believe there are situational difficulties in applying the guidance and documenting unsafe home determinations, especially for renters.

It seems apparent that inspectors with differing degrees of experience can generally agree on destroyed and moderately damaged homes. This uniformity can break down in the more subjective cases involving less severe damages.

FEMA has started a review of program eligibility as it relates to the determination of a homes being considered “unsafe,” and will continue to review and improve its inspection procedures.

### *Background Checks*

I would like to briefly address media portrayals of our housing inspectors. FEMA contracts with two companies to perform inspection services. They are required by their FEMA contract to conduct background checks on all prospective inspectors *before*

deployment in the field. The companies utilize an outside source that specializes in background investigations. Almost all of the inspectors referenced by the media had convictions for drunk driving. This did not disqualify them from deployment. One individual reported had more serious convictions in the 1970's and 1980's. However, he did not perform housing inspections. I will look into any other potential problems. FEMA does not condone criminal conduct and we have taken reasonable precautions against putting disaster victims in any additional danger.

### Funeral Costs

I have also followed the concerns raised over funeral expenses covered under our Other Needs Assistance (ONA) program. It is important to understand that disaster-related deaths are not limited to only those deaths that occur during the actual event. As the Miami-Herald reported, “ambulances arrived too late to save some people because of fallen trees. Oxygen tanks went dark along with the lights. The sick and the frail made fatal decisions to lift limbs and haul debris [and] one man couldn't get dialysis because the clinic had closed for the storm.”

Unlike other classes of ONA which are well-suited for rapid processing through FEMA's automated processing systems, funeral cases are manually processed and painstakingly coordinated between Regional offices, disaster field offices, and National Processing Service Center (NPSC) caseworkers, as well as our state, local, and voluntary partners, and family members of the victim. Variations in State medical examiner and coroner procedures have prevented FEMA and the States from establishing a national policy on

disaster related deaths under ONA. As a result, as with other forms of FEMA assistance, States establish award levels for disaster-related funeral expenses in their annual ONA preplanning sessions with FEMA and pay 25 percent of the costs.

Funeral grants constitute a very small percentage of the overall ONA caseload. The 1,385 requests for Funeral Assistance in Florida in the wake of the 2004 hurricane season represented less than 0.1 percent of total applications. Assistance was warranted in just over 300 cases.

FEMA's guidelines are specific about sources to be checked to validate disaster-related deaths, including the deceased family doctor. FEMA caseworkers review funeral claims and investigate details surrounding the death. After research and fact checking, caseworkers certified the satisfaction of eligibility standards required for payment. However, FEMA will continue to research ways to improve its eligibility determination processes, as well as improve the quality of applicants' case file documentation.

#### *Duplicate Payments*

With respect to reports of duplicate payments of disaster victims, I would like to share the process. Duplicate payments can be outright double payments on claims or duplicate items on claims. Our ongoing review process identifies these situations and our system monitors overpayments. As part of this review, FEMA will recover money given erroneously to an applicant. To date, we have initiated recoupment actions to recover more than \$22 million in duplicate payments for all of the Florida disasters. That sum is

derived from approximately 5,150 duplicate payments or overpayments. The total amount of assistance provided to Florida households is close to \$1.2 billion

FEMA does the careful work involved in recovering these funds. We first verify that such an overpayment was a mistake so as to avoid needlessly adding to the problems facing disaster victims. If we have verified that an overpayment has occurred we then set about recouping those funds. Individuals that have received an overpayment of funds have been called and notified by letter that the funds must be returned to FEMA. Debtors that do not agree to a repayment plan or repay the debt in full within 120 days are referred to the Department of Treasury, who will take further collection measures. This is the part of the recovery operation that is difficult but necessary in retaining public confidence and trust.

### Expectations

Our work is intended to provide much needed assistance to people affected by disasters. We balance this assistance against our responsibility to the taxpayer. It is a balancing act. Sometimes our balance is perfect and the victims in need of our help and the agents charged with reviewing our work are satisfied. But there are also times when our balance is criticized.

This was not a fifty or even a hundred year event. A response and recovery operation of this size has never before been required or accomplished. Having a trained staff ready to augment our large operations presents many challenges.

*FEMA-State Partnerships*

The states are our partners in delivering this disaster recovery assistance. That is not boilerplate language but a fact of law and how the program operates on a day-to-day basis. In fact, it is the foundation of emergency management in our nation.

The state is a part of the declaration process as it determines its capabilities and the kind of help it needs. But our partnership actually begins in calmer times.

Our regions work with the states on a constant basis. We do not make decisions on the fly when a disaster occurs. Our regions work with the states in advance – choosing what forms of “other needs assistance” will be eligible in an individual state. We also work with the state in establishing reasonable prices within a state for personal property items. We depend on the states expertise and experience in shaping a program that will be most responsive to its residents in times of crisis.

We are proud of this relationship. We take full responsibility for the decisions we make. But I also believe it is important for the Committee and our citizens to understand that the partnership with the states is not an ad hoc measure for media consumption but a real partnership written into law, developed and refined on a regular time frame, and observed in action during the disaster recovery phase.

### Conclusion

As I conclude I would like to come full circle. We look forward to building our working relationship with you. As with our relationship with our state partners and our partners in the charitable and non-profit communities, we want to have these conversations on a regular basis and not just when the disaster events are bearing down on us.

We have a lot of experience – enough to know that we do not have all the answers. We constantly strive to improve our programs and our policies and processes because we appreciate the importance of our work. We talk to our customers; we meet them in their homes and in their communities. Our customers are not theoretical constructs or abstract ideas or numbers on a spreadsheet, they are the flesh and blood folks affected by extraordinary events.

Despite the challenges of the last few months, we at FEMA retain the same optimistic spirit that is a hallmark of our organization. We have been given a great responsibility, but also a great opportunity – to make a positive difference in the lives of our fellow citizens. With your help and support, we will continue to aggressively pursue that important mission.

Thank you for your time and attention. I would be happy to answer any questions you may have.